

SENATE BILL REPORT

HB 2596

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 27, 2020

Title: An act relating to fostering economic growth in Washington by supporting emerging businesses in the new space economy.

Brief Description: Fostering economic growth in Washington by supporting emerging businesses in the new space economy.

Sponsors: Representatives Boehnke, Kloba, Slatter, Entenman, Hudgins, Steele, Eslick and Santos.

Brief History: Passed House: 2/18/20, 93-5.

Committee Activity: Financial Institutions, Economic Development & Trade: 2/25/20, 2/27/20 [DPA-WM].

Brief Summary of Amended Bill

- Directs the Department of Commerce to convene an advisory committee, and complete a study, on fostering and developing the new space economy.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Wilson, L., Ranking Member; Braun, Das, Ericksen and Hobbs.

Staff: Kellee Gunn (786-7429)

Background: The United States Space Force. The National Defense Authorization Act of 2020 (Act) established a United States Space Force (USSF) as an armed force within the United States Department of the Air Force (Air Force). The United States Air Force Space Command is redesignated as the USSF.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Act authorizes the Secretary of the Air Force to transfer all military personnel currently assigned to the Air Force Space Command and other certain Air Force military personnel to the USSF. The USSF is led by the Chief of Space Operations, who reports directly to the Secretary of the Air Force.

Summary of Amended Bill: The Department of Commerce (Commerce) is directed to convene an advisory committee to provide information, advice, and assistance in completing a study on public policies that would foster the new space economy and the geographic distribution of employment and training opportunities in that sector.

The study shall include:

- a ten-year strategy for expanding trained workforce to support the industry sector;
- an evaluation of the state's capacity to: (1) train personnel in the cybersecurity protocols necessary to secure national defense contracts; (2) offer grants and incentives to businesses to lower the cost of cybersecurity compliance; and (3) provide technical assistance and mentoring to start-up and emerging businesses competing for national defense contracts;
- an evaluation of the state's level of investment in federal lobbying or federal liaison services related to securing defense and civilian space-related appropriations and procurement; and
- an assessment of the infrastructure needed to support the new space sector, and the institutional capacity of state agencies and nonprofit organizations to foster economic growth in the new space sector.

In addition, the study must be accompanied by recommendations that include the identification of short and long-term action plans for the Legislature to support and sustain economic growth in the new space sector.

Commerce is directed to accept applications for the advisory committee. The results of the study must be submitted to the Legislature by October 31, 2021.

EFFECT OF FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE AMENDMENT(S):

- Requires the Department of Commerce to consult with leaders of the economic development committees of the Legislature, rather than the technology committees of the Legislature.
- Adds a null and void clause.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We always talk about how we can grow the state's economy and how can we leverage the knowledge base of individuals based here. As a professor in STEM, we need to look at spurring the next generation of jobs.

OTHER: Commerce is well suited to conduct this work. Washington is a regional power in the space industry. Every subsector of this industry is currently here in Washington. The state's massive end-to-end aviation supply chain also calls Washington home. Washington's continued growth and success in this industry is not guaranteed. The current value proposition for the space industry is not the same as the aviation industry. Washington has been working on developing the space industry, but there is more work to be done. Commerce has been convening stakeholders and aggregating data related to that kind of work. This a clear and logical next step.

Persons Testifying: PRO: Representative Matt Boehnke, Prime Sponsor.

OTHER: Conor Duggan, Washington State Department of Commerce.

Persons Signed In To Testify But Not Testifying: No one.